State Dept. review completed. Referral to DOC not required. Approved For Release 2002/08/21 : GIACHARD TO ROOS SEA OF TO SEE OF THE CLASS OF THE CLA

HE BILLING COMPUTENTIAL

CLASS. CHANGED TO: TS S 30 May 1956
AUTH: HR 70,2

IMPERDING "HEUTRALITY" IN LACS

25X1

- I. Lacs, up to now generally pro-West, appears on verge of shift to so-called "neutral" position in dangerous deal with Communist-controlled rebel Pathets for restoration Gov't control over two Pathet-held northern provinces.
 - A. Laotian Premier, Prince Souvanna Phouma, planning to meet his half-brother--Pathet leader, Prince Souphannouvong--about 20 June in Pathet-held Sam Neum to settle "mutual problems". Premier is under strong pressure from other government leaders to reach settlement with Pathets.
 - B. Premier has indicated willingness "reintegrate" Pathet rebels into Lactian army and civil service "without discrimination" and declare Lactian support for "five principals of coexistence" if Pathets will give up control of northern provinces.
- II. Indians of International Control Commission also pressuring Premier for meeting with Pathets, march for agreement.
 - A. Hanoi, Peiping and Moscow, meanwhile, all taking line that 'time is propitious for settlement.
 - B. At Truce Commission meet in Hanol last weekend with top Viet Minh leaders, Communists stressed how well things were going in Cambodia, plugged for similar "climate" in Laos.
 - C. Haivete of Premier, despite his professed intention to "deal firmly" with Pathets, makes US Embassy fearful he will "give senething away without meaning to". In our view, Premier's "radategraticaleaes 2002/08/21 aCIA-PDP79R00890A000700050040-1 everything.